

WC 03-114

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Please Date Stamp & Return

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April 25, 2003

VIA COURIER

FCC/MELLON

APR 25 2003

Marlene H. Dortch, Secretary
Federal Communications Commission
P.O. Box 358145
Pittsburgh, PA 15251-5145

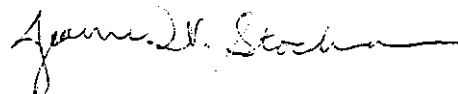
Re: Application of Eldorado Equity Holdings, Inc. and Commonwealth Telephone Enterprises, Inc. for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Control of International and Domestic Communications Services Authorizations

Dear Ms. Dortch:

On behalf of Eldorado Equity Holdings, Inc. ("Eldorado") and Commonwealth Telephone Enterprises, Inc. ("CTE") (together, the "Applicants"), enclosed please find an original and six (6) copies of an application for Commission approval for Eldorado to transfer ultimate control of CTE, and CTE's operating subsidiaries which provide domestic and international telecommunications services, to the public shareholders of CTE. The instant Application is a joint international and domestic Section 214 transfer of control application filed pursuant to Section 63.04(b) of the Commission's Rules, 47 C.F.R. § 63.04(b). Applicants are concurrently filing this Application with the FCC's International Bureau for authority to transfer control of CTE's international Section 214 authority.

Enclosed please find an FCC Form 159 and a check in the amount of \$860.00 to cover the Commission's filing fee for domestic Section 214 applications. Please date-stamp the enclosed extra copy of this filing and return it in the envelope provided. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,



Russell M. Blau
Jeanne W. Stockman

Counsel for Applicants

Enclosures

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

COPY

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MAY 02 2003

Policy Division
International Bureau

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NEW YORK, NY 10174
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April 30, 2003

VIA HAND DELIVERY

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W., TW-A325
Washington, D.C. 20554

RECEIVED

APR 30 2003

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

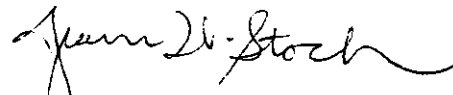
Re: Application of Eldorado Equity Holdings, Inc. and Commonwealth Telephone Enterprises, Inc. for Authority Pursuant to Section 214 of the Communications Act of 1934, as Amended, to Transfer Control of International and Domestic Communications Services Authorizations

Dear Ms. Dortch:

On April 25, 2003, Eldorado Equity Holdings, Inc. ("Eldorado") and Commonwealth Telephone Enterprises, Inc. ("CTE") (together, "Applicants") filed the above-referenced application pursuant to Section 63.04(b) of the Commission's Rules, 47 C.F.R. § 63.04(b), to transfer control of CTE. Due to time exigencies, that filing included the facsimile signature of Neil Eckstein, Vice President for Eldorado. Enclosed is the original signed certification. Please associate this document with the above-referenced April 25, 2003 application. A date-stamped copy of the April 25, 2003 application is attached hereto as Exhibit A for the Commission's reference.

An original and six (6) copies of this filing are enclosed. Please date-stamp the enclosed extra copy, and return it to the undersigned. Please do not hesitate to contact me if you have any questions regarding this matter.

Respectfully submitted,



Russell M. Blau
Jeanne W. Stockman

Counsel for the Applicants

Enclosure

CERTIFICATION

On behalf of Eldorado Equity Holdings, Inc. ("Eldorado") and in accordance with Section 1.2001-1.2003 of the Commission's Rules, 47 CFR §§ 1.2001-1.2003, I hereby certify that neither Eldorado nor any party to this application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. *See* 21 USC § 853a. I also certify that the statements in the foregoing application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

ELDORADO EQUITY HOLDINGS, INC.


By: 
Name: Neil J. Eckstein
Title: Vice President
Date: 4/25/03

EXHIBIT A

CTE-ELDORADO SECTION 214 TRANSFER APPLICATION

READ INSTRUCTIONS CAREFULLY
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

APPROVED BY OMB
3060-0589
Page No. 1 of 1

(1) LOCKBOX # 358145

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Swidler Berlin Shereff Friedman, LLP

(3) TOTAL AMOUNT PAID (dollars and cents)

\$860.00

(4) STREET ADDRESS LINE NO. 1

3000 K Street, N.W.

(5) STREET ADDRESS LINE NO. 2

Suite 300

(6) CITY

Washington

(7) STATE

DC

(8) ZIP CODE

20007

(9) DAYTIME TELEPHONE NUMBER (include area code)

(202) 424-7500

(10) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(11) PAYER (FRN)

0004353900

(12) PAYER (TIN)

132679676

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

(13) APPLICANT NAME (if paying by credit card, enter name exactly as it appears on your card)

Commonwealth Telephone Enterprises, Inc.

(14) STREET ADDRESS LINE NO. 1:

100 CTE Drive

(15) STREET ADDRESS LINE NO. 2

(16) CITY

Dallas

(17) STATE

PA

(18) ZIP CODE

18612

(19) DAYTIME TELEPHONE NUMBER (include area code)

(570) 631-2802

(20) COUNTRY CODE (if not in U.S.A.)

FCC REGISTRATION NUMBER (FRN) AND TAX IDENTIFICATION NUMBER (TIN) REQUIRED

(21) APPLICANT (FRN)

0003261716

(22) APPLICANT (TIN)

232093008

COMPLETE SECTION C FOR EACH SERVICE. IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET

(23A) FCC CALL SIGN/OTHER ID

(24A) PAYMENT TYPE CODE (PTC)

(25A) QUANTITY

CUT

1

(26A) FEE DUE FOR (PTC)

\$860.00

(27A) TOTAL FEE

\$860.00

FCC USE ONLY

(28A) FCC CODE 1

(29A) FCC CODE 2

(23B) FCC CALL SIGN/OTHER ID

(24B) PAYMENT TYPE CODE (PTC)

(25B) QUANTITY

(26B) FEE DUE FOR (PTC)

(27B) TOTAL FEE

FCC USE ONLY

(28B) FCC CODE 1

(29B) FCC CODE 2

SECTION D - CERTIFICATION

(30) CERTIFICATION STATEMENT

I, Jeanne Stockman, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief. SIGNATURE Jeanne Stockman DATE 4/25/03

SECTION E - CREDIT CARD PAYMENT INFORMATION

(31)

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION DATE:



MASTERCARD



VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization herein described.

SIGNATURE

DATE

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of the Application of
ELDORADO EQUITY HOLDINGS, INC.
and
COMMONWEALTH TELEPHONE
ENTERPRISES, INC.

For Authority Pursuant to Section 214 of the
Communications Act of 1934, as amended, to
Transfer Control of International and Domestic
Communications Services Authorizations

WC 03-114
File No.

APPLICATION

Eldorado Equity Holdings, Inc. ("Eldorado") and Commonwealth Telephone Enterprises, Inc. ("CTE"), by their undersigned counsel and pursuant to Section 214 of the Communications Act of 1934, as amended, 47 USC § 214, and Sections 63.04 and 63.24 of the Commission's Rules, 47 CFR §§ 63.04, 63.24, hereby request authority for Eldorado to transfer ultimate control of CTE (and CTE's operating subsidiaries, which provide domestic and international telecommunications services) to the public shareholders of CTE.

I. SUMMARY DESCRIPTION OF THE TRANSACTION

Eldorado, an indirect, wholly owned subsidiary of Level 3 Communications, Inc., currently holds the largest single block of common stock in CTE. Eldorado does not have *de jure* control over CTE, as it does not control a majority of the voting stock and does not have the power to appoint a majority of the directors or the corporate officers. Nonetheless, several

individuals affiliated with Eldorado's parent company are directors of CTE, and Eldorado might arguably be found to exercise *de facto* control over CTE.¹

CTE currently has two classes of stock. The common stock has one vote per share, and the Class B common stock has 15 votes per share. Eldorado currently owns approximately 50.2% of the Class B common stock, giving it approximately 29.3% of the total voting power in the corporation. Both classes of stock are publicly traded.

CTE, with Eldorado's consent, has proposed to amend its Articles of Incorporation to convert each share of Class B common stock into 1.09 shares of common stock with one vote per share. If this conversion is completed, Eldorado's shares will account for approximately 4.6% of the voting power of the corporation. One other shareholder, identified in Section III below, will control approximately 9% of the post-conversion voting shares, and a third shareholder will control approximately 7%. Thus, even if Eldorado is currently deemed to exercise *de facto* control over CTE, it will no longer be able to do so after the conversion. Such control would thereupon be transferred to the stockholders of CTE as a group.

This transaction will serve the public interest in promoting competition by providing CTE the opportunity to enhance its ability to attract capital and strengthen its competitive position. The principals of Level 3 have determined that financial and competitive benefits will result from the restructuring of Eldorado's stock holdings in CTE. This transaction will not change the management or services provided by CTE to customers. CTE provides high quality, affordable services to its customers in eastern and central Pennsylvania. The transaction will not disrupt service or cause inconvenience to any of CTE's customers.

¹ By filing this application, Eldorado does not admit that it exercises *de facto* control over CTE, but seeks contingent approval to dispose of such control if the Commission finds that it exists.

II. DESCRIPTION OF THE PARTIES

CTE is a publicly traded company organized under the laws of Pennsylvania which, through its subsidiaries, is engaged in a variety of communications services. Eldorado, a Delaware corporation, owns a substantial voting interest in CTE.

CTE and its subsidiaries hold global facilities-based and resale authority to provide international communications services, granted in ITC-214-19960726-00343 (as amended by Public Notice, DA No. 00-1314, released June 15, 2000), as specifically delineated in Section III, below.

CTE's international communications services are provided by two wholly-owned subsidiaries: CTSI, LLC and Commonwealth Long Distance. In addition, these two subsidiaries provide domestic interstate communications services as non-dominant carriers pursuant to 47 CFR § 63.01. CTE is also the parent company of Commonwealth Telephone Company ("Commonwealth Telephone"), which operates as an incumbent local exchange carrier within the Commonwealth of Pennsylvania. Commonwealth Telephone is a connecting carrier within the meaning of Section 2(b)(2) of the Act, 47 USC § 152(b)(2), and therefore does not hold any authorizations under Section 214.

III. TRANSFER OF CONTROL OF INTERNATIONAL AUTHORIZATION

Pursuant to Section 63.24(e) of the Commission's Rules, 47 CFR § 63.24(e), CTE submits the following information:

- (a) Name and address of Transferor is:

Eldorado Equity Holdings, Inc.
1105 North Market Street, Suite 1300
Wilmington, Delaware 19801

The Transferees are the general body of public stockholders of CTE. The name and address of CTE is:

Commonwealth Telephone Enterprises, Inc.
100 CTE Drive
Dallas, Pennsylvania 18612-9774

- (b) Eldorado is a corporation organized under the laws of the State of Delaware.

CTE is a corporation organized under the laws of the Commonwealth of Pennsylvania.

- (c) Correspondence concerning this application should be sent to:

Russell M. Blau
Jean L. Kiddoo
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: (202) 424-7500
Facsimile: (202) 295-8478

with a copy to:

Raymond Ostroski, Esq.
Commonwealth Telephone Enterprises, Inc.
100 CTE Drive
Dallas, PA 18612
Telephone: 570-631-2802
Facsimile: 570-631-2895

Neil Eckstein, Esq.
Level 3 Communications, Inc.
1025 Eldorado Blvd.
Broomfield, CO 80021
Telephone: (720) 888-2514
Facsimile: (720) 888-5128

Staci Pies, Esq.
Level 3 Communications, Inc.
8270 Greensboro Drive, Suite 900
McLean, VA 22102
Telephone: (703) 762-0143
Facsimile: (703) 762-0150

- (d) CTE is an authorized non-dominant facilities-based carrier and reseller with global authority, subject to Section 214 of the Communications Act of 1934, as amended, and the Commission's Rules. The FCC has authorized CTE and its subsidiaries, in FCC File No. ITC-214-19960726-00343 (as amended by Public Notice, DA No. 00-1314, released June 15, 2000), to operate as a facilities-based carrier pursuant to the terms and conditions of Section 63.18(e)(1) and to operate as a resale carrier pursuant to the terms and conditions of Section 63.18(e)(2). Specifically, CTE has authority to (1) obtain global authority to acquire capacity in half-circuits in U.S.-owned submarine cables, and establish channels of communication with U.S.-owned satellite systems, to provide international communications services between the United States and all international points; (2) obtain global authority to resell the international services of all authorized common carriers, except affiliated carriers regulated as dominant on the route to be served, to provide international communications services between the United States and all international points; (3) obtain global authority to resell international private lines to provide international private line services between the United States and all international points; and (4) resell international private lines interconnected at one or both ends of the PSTN for the provision of international switched services between the United States and all countries that the Commission finds provide U.S. carriers with effective competitive opportunities.
- (e) This application seeks Commission consent for the transfer of control of CTE's authorization listed in paragraph (d) above, by the conversion of Eldorado's Class B common stock to shares of common stock.
- (f) At this time, CTE does not seek authority to provide services not referenced under paragraph (e) of Section 63.18 of the Commission's Rules.
- (g) The authority requested in this application is categorically excluded from environmental processing as defined by Section 1.306 of the Commission's Rules, 47 CFR § 1.306. As such, an environmental assessment is not required for purposes of this application and is therefore not attached.

- (h) The name, address, citizenship and principal business of the direct shareholders owning 10% or more of CTE:²

Name/Address	% Held	Citizenship	Principal Business
Eldorado Equity Holdings, Inc. 1105 North Market Street, Suite 1300 Wilmington, DE 19801	29% (voting)	U.S.A.	Investments
Mario J. Gabelli, together with GAMCO Investors, Inc., Gabelli Funds, Inc., Gabelli Performance Partnership, L.P., Gabelli International Limited, Gabelli International II Limited and Gabelli & Company, Inc. The address of each is One Corporate Center, Rye, New York 10580-1434	13% (voting)	U.S.A.	Investments

The name, address, citizenship and principal business of the direct shareholder owning 10% or more of Eldorado is:

Name/Address	% Held	Citizenship	Principal Business
Level 3 Delaware Holdings, Inc. 1105 North Market Street, Suite 1300 Wilmington, DE 198901	100%	U.S.A.	Investments

The name, address, citizenship and principal business of the direct shareholder owning 10% or more of Level 3 Delaware Holdings, Inc. is:

Name/Address	% Held	Citizenship	Principal Business
Level 3 Telecom Holdings, Inc. 1025 Eldorado Boulevard Broomfield, CO 80021	100%	U.S.A.	Investments

The name, address, citizenship and principal business of the direct shareholder owning 10% or more of Level 3 Telecom Holdings, Inc. is:

Name/Address	% Held	Citizenship	Principal Business
Level 3 Communications, Inc. 1025 Eldorado Boulevard Broomfield, CO 80021	100%	U.S.A.	Telecommunications and Information Services

There is no direct shareholder owning 10% or more of Level 3 Communications, Inc.

CTE's interlocking director and officer information is already on file at the Commission and CTE will update that information as necessary.

² Following the completion of the proposed stock restructuring, it is not anticipated that any individual or group will control 10% or more of the voting stock of CTE. The ownership interests listed in this section are based on the current stock structure.

- (i) CTE is not affiliated with any foreign carrier.
- (j) Not applicable.
- (k) Not applicable.
- (l) Not applicable.
- (m) Not applicable.
- (n) CTE attaches hereto a certification that it has not agreed to accept nor shall it accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country for which CTE may be authorized to serve.
- (o) No party to this application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. Eldorado's and CTE's certifications pursuant to Section 1.2002 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 USC § 3301) are attached.
- (p) This application qualifies for streamlined processing with respect to CTE's international authorization. Neither applicant (1) is affiliated with a foreign carrier in a destination market; (2) has an affiliation with a dominant U.S. carrier whose international switched or private line services the applicant seeks authority to resell; or (3) seeks authority to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines.

IV. PUBLIC INTEREST STATEMENT

This transaction will serve the public interest in promoting competition by providing CTE the opportunity to enhance its ability to attract capital and strengthen its competitive position. The principals of Level 3 have determined that financial and competitive benefits will result from the restructuring of Eldorado's ownership interest in CTE. This transaction will not change the management or services provided by CTE to customers. CTE provides high quality, affordable services to its customers in eastern and central Pennsylvania. The transaction will not disrupt service or cause inconvenience to any of CTE's customers.

V. **CONCLUSION**

For the reasons stated above, CTE submits that the public interest, convenience and necessity would be furthered by a grant of this application for consent to transfer of control of CTE's Section 214 authorizations, and requests expedited processing of this application.

Respectfully submitted,

ELDORADO EQUITY HOLDINGS, INC.

**COMMONWEALTH TELEPHONE ENTER-
PRISES, INC.**

By: Russell M. Blau *per*
Russell M. Blau
Jean L. Kiddoo
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
(202) 424-7500

Their Counsel

Dated: April 25, 2003

EXHIBIT A

TRANSFER OF CONTROL OF DOMESTIC AUTHORIZATIONS

The following information is provided pursuant to 47 CFR § 63.04(b) with respect to the transfer of control of CTE's domestic interstate operating authority. The information responds to the provisions of paragraphs (a)(6) through (a)(12) of § 63.04, and is identified by paragraph number:

- (6) Eldorado proposes to restructure its ownership interests in CTE such that it will no longer have de facto control of CTE, as described in Section I of this Application, above.
- (7) Eldorado's parent company, Level 3 Communications, Inc., offers interexchange telecommunications services nationwide as a non-dominant carrier. CTE's subsidiaries offer local exchange and interexchange services to the public in portions of eastern and central Pennsylvania.
- (8) This application should receive presumptive streamlined processing under 47 USC § 63.03(b)(1)(ii), because neither applicant is a telecommunications provider. The transferees are a group of public stockholders in a holding company, and the transaction will not result in any change in the management or operations of the telecommunications carriers owned by that holding company. (Although CTE controls an incumbent local exchange carrier, that local exchange carrier does not hold any authorizations under § 214, and therefore this application does not seek approval of a change in control of an incumbent LEC.) The transaction will not result in any change in the management or operations of CTE or any of its subsidiaries, and will not result in any change in market concentration or in the geographic markets served by any carrier.
- (9) CTE, as well as its subsidiaries Commonwealth Telephone and Commonwealth Communications, Inc., hold certain radio station licenses. Simultaneously herewith, each of these entities is filing an application for the transfer of control of such radio station licenses.
- (10) Applicants are not requesting special consideration because of an imminent business failure.
- (11) There are no separately filed waiver requests in conjunction with the transaction.
- (12) This transaction will serve the public interest in promoting competition by providing CTE the opportunity to enhance its ability to attract capital and strengthen its competitive position. The principals of Level 3 have determined that financial and competitive benefits will result from the restructuring of Eldorado's owner-

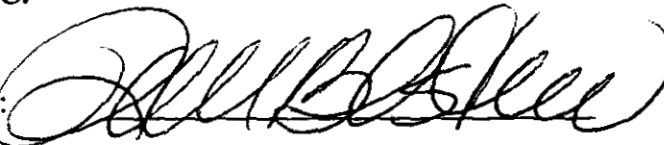
ship interest in CTE. This transaction will not change the management or services provided by CTE to customers. CTE provides high quality, affordable services to its customers in eastern and central Pennsylvania. The transaction will not disrupt service or cause inconvenience to any of CTE's customers.

CERTIFICATION

On behalf of Commonwealth Telephone Enterprises, Inc. ("CTE") and in accordance with Section 1.2001-1.2003 of the Commission's Rules, 47 CFR §§ 1.2001-1.2003, I hereby certify that neither CTE nor any party to this application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 USC § 853a. I also certify that the statements in the foregoing application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

In addition, on behalf of CTE, and as required by Section 63.18(i) of the Commission's Rules, 47 CFR § 63.18(i), I hereby certify that CTE has not agreed to accept nor shall it accept in the future any special concessions, as defined by the Commission's Rules, directly or indirectly from any foreign carrier or administration with respect to traffic or revenue flows between the U.S. and any foreign country for which CTE may be authorized to serve.

**COMMONWEALTH TELEPHONE ENTERPRISES,
INC.**

By: 

Name: Raymond B. Ostroski


Title: Senior Vice President and General Counsel

Date: April 24, 2003

CERTIFICATION

On behalf of Eldorado Equity Holdings, Inc. ("Eldorado") and in accordance with Section 1.2001-1.2003 of the Commission's Rules, 47 CFR §§ 1.2001-1.2003, I hereby certify that neither Eldorado nor any party to this application is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. See 21 USC § 853a. I also certify that the statements in the foregoing application for Section 214 authority are true, complete, and correct to the best of my knowledge and are made in good faith.

ELDORADO EQUITY HOLDINGS, INC.

By: 
 Name: Neil J. Eckstein
 Title: Vice President
 Date: 4/25/03